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Appropriations Committee  
February 05, 2014

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[LB944 LB969 LB1026]

The Committee on Appropriations met at 1:30 p.m. on Wednesday, February 5, 2014, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB944, LB1026, and LB969, and agency budgets. Senators present: Heath Mello, Chairperson; John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello from south Omaha, representing the 5th Legislative District and am the Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting with Senator Bill Kintner on my far left here, District 2, representing Cass, Sarpy, and parts of Otoe County, who will be joining us shortly.

SENATOR NORDQUIST: State Senator Jeremy Nordquist from District 7, downtown and south Omaha.

SENATOR MELLO: Sitting next to Senator Nordquist is Senator John Nelson from Legislative District 6, representing central Omaha.

SENATOR HARMS: John Harms, representing the 48th District, Scotts Bluff County.

SENATOR WIGHTMAN: John Wightman, District 36, representing all of Dawson and Custer County and a small part of Buffalo County.

SENATOR MELLO: Sitting next to Senator Wightman is Senator Danielle Conrad, representing the 46th Legislative District in north Lincoln.

SENATOR BOLZ: Senator Kate Bolz. I represent District 29 in south-central Lincoln.

SENATOR MELLO: Sitting next to Senator Bolz is Senator Tyson Larson, representing Legislative District 40 in north-central, northeast Nebraska. Assisting the committee today is Anthony Circo, our committee clerk; and Matthew Ruiz, who is a senior studying international business at UNL and our committee's page. Sitting to my direct left is Kathy Tenopir, our legislative fiscal analyst for the initial couple agencies. On the cabinet to your right you will find some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Matthew when you come up. It helps us keep an accurate record of today's public hearing. There is also a white sheet on the cabinet if you do not wish to testify but would like to record your position on a specific bill. We will hear testimony in the following order. First will be the introducer, we will then hear those in support, followed by those in opposition, then those testifying

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in the neutral capacity. We will end with a closing statement by the bill introducer. If you have any handouts, please bring at least 11 copies and give them to Matthew, our page. If you do not have enough copies, he will help you make more. We ask that you begin your testimony by giving us your first and last name, and spelling it for the public record. We will be using a five-minute light system today. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask you to wrap up your final thoughts. At this time I'd ask for all of us, including senators, to please check our cell phones and make sure they are on silent or vibrate mode. For those who wish to testify on an agency budget or agency appropriations hearing, there is no opposition, neutral, or support. It's simply you come up after the agency gives their initial testimony and you can come up and give your feedback or thoughts on a specific appropriation or the agency's appropriations. (Agency hearings) Is there anyone else wishing to testify on Agency 13, the Nebraska Department of Education? Seeing none, that will close today's hearing on Agency 13 and take us to our first bill of the day, LB944 by Senator Bolz.

SENATOR BOLZ: (Exhibit 1) Well, good afternoon, colleagues. Today I present to you a bill related to early childhood education. And where I would like to begin in this discussion is just asking you to think for a minute about whether or not you can identify the difference between a child who has autism and a child who is just shy. Do you know if a kid is just afraid of the dark, or if they have posttraumatic stress disorder? Do you know when a kid is excited, versus when a kid has hyperactivity disorder? As a social worker, those are things that I'm familiar with and terms that come pretty readily to me, but to the average parent, those distinctions are difficult. And I think what we're seeing in more education settings and more early education settings is higher challenges in terms of children's behavioral health needs and greater need for guidance and support. So even the most attentive parents and early educators can struggle not only with understanding whether or not a child might be experiencing a difficult problem but also what to do next, and that's what the Nurturing Healthy Behaviors Program addresses. This program provides early childhood expert consultants for such circumstances, and they have done so already in Nebraska with exceptional success. Everything we know about early childhood development tells us that early brain development sets the stage for lifelong learning and success. In simple terms, early education pays off in savings and education and health later on. Unfortunately, we also know that the lack of early intervention can be a challenge. In Lincoln Public Schools alone, over 250 children were actually expelled in grades kindergarten through 2nd grade for fairly dramatic circumstances, things such as destroying property or addressing another child inappropriately. So the Nurturing Healthy Behaviors Program invests in programs that build on best practices and early assessment intervention and parent and teacher training to respond to those dramatic circumstances in early education settings. Evaluations of the three existing programs which are currently running in Omaha, Lincoln, and Merrick County show great success. Evaluations of these programs completed by the University of Nebraska Medical Center were exceptionally positive,

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indicating improvements for kids, parents, and teachers. This bill comes from educators in my district. Like many of you, I meet with my teachers on a regular basis and they identify behavioral health challenges as one of the biggest challenges in the educational setting. They want kids to get this kind of help so that they can achieve in the academic setting, learn, and move on in their schools. As a state, we have invested in early childhood education, both through philanthropic means and through this body in terms of investing in quality childcare and early learning. Now is the time for us to also address the social and emotional development of our children in order for academic endeavors to be successful now and in the future. The Nurturing Healthy Behaviors Program helps those kids who are in the margins, kids who are having exceptional struggles that go beyond the capacities of the teachers and social workers and other school support staff that exist in the early education programs. The early...the Governor's Early Childhood Education Task Force has identified funding and stability for the Nurturing Healthy Behaviors Program over time as a top priority. Since 2002 this has been a recommendation of the Governor's Early Task Force. So this program provides assessment, support, and training for teachers, parents, and kids who are struggling with social and emotional needs in the early education setting and it is a modest investment to grow an existing successful program to the next stage of development along with our other investments. With that, I'll wrap it up and ask if you have any questions for me. [LB944]

SENATOR MELLO: Thank you, Senator Bolz. Are there any questions from the committee? Senator Larson. [LB944]

SENATOR LARSON: Thank you, Senator Bolz. And we did invest a significant sum last year and I have my beliefs in early childhood education. I think it does many good things. You mentioned Merrick County. How did it get to Merrick from Omaha and Lincoln? [LB944]

SENATOR BOLZ: Uh-huh. Oh sure. This is actually a subgrant of the Child Care Development Block Grant and there's a section of funds that are used for quality and for improvement. And so the Department of Education partnered with the Department of Health and Human Services to identify a need for this social, emotional development piece. So there was an RFP that went out, I believe three years ago but someone behind me might be able to identify that specifically, and Omaha, Lincoln, and Merrick County were identified as the top three award winners. [LB944]

SENATOR LARSON: And the extra \$400,000, as you say, sounds...it's not an exorbitant sum by any means. Is that...will that go to build, you know, more to more statewide programs to go statewide? Or is that \$400,000 going to be reconcentrated in the three programs that are currently existing for more research in their areas? I mean... [LB944]

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SENATOR BOLZ: Sure. [LB944]

SENATOR LARSON: ...I ask those type of questions a lot in terms of... [LB944]

SENATOR BOLZ: Very good question. [LB944]

SENATOR LARSON: Yeah. [LB944]

SENATOR BOLZ: It's a great question. The three programs that exist right now will be sustained. They have plans to continue on. They're doing great work. And so building on that success, I think the time is now to spread it to other areas of significant need. [LB944]

SENATOR LARSON: And that's what the \$400,000 will be, more of an expansion instead of a reinvestment in the three current programs. [LB944]

SENATOR BOLZ: That's exactly right, and the bill identifies the areas with significant mental health shortages or significant early childhood needs could be prioritized within that funding. [LB944]

SENATOR LARSON: I appreciate that and feel more at ease with the concept of expansion, especially into the rural areas of the state of Nebraska. [LB944]

SENATOR BOLZ: Exactly. [LB944]

SENATOR MELLO: Senator Conrad. [LB944]

SENATOR CONRAD: Thank you, Senator Bolz, for bringing this concept forward. And it's clear from your passionate testimony and in your introduction and the considerable amount of support that you've been able to garner through letters provided to the committee and I'm sure testifiers to follow that this is a fantastic program that has proven results. So my question to you is why is this enough? Why shouldn't we just go statewide and have a comprehensive solution? Or is it a better approach at this point in time to kind of do a small expansion? [LB944]

SENATOR BOLZ: Uh-huh. I'd love to go statewide and have a comprehensive approach. I think that's the ultimate goal. But in talking with the people who are engaged in this program, talking with stakeholders, it seems that taking a small step forward, expanding existing programs that are successful now is the right step at this stage in the game, partly because in order for this model to be successful, we need to make sure we have the right partners at the table and those partners have a long-term vision and investment. So I think a stepwise approach is appropriate. [LB944]

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SENATOR CONRAD: Okay. Thanks. [LB944]

SENATOR BOLZ: Yep. [LB944]

SENATOR MELLO: Senator Nelson. [LB944]

SENATOR NELSON: Thank you, Senator Bolz. Are there a great number of partner organizations or just in the Omaha and Lincoln area that provide these services? [LB944]

SENATOR BOLZ: That's a very good question. There are three existing programs that are funded with state dollars now, Omaha, Lincoln, and Merrick County. They have early childhood partners that feed into those programs, so if there was...the Little Tiara childcare center is next door to my house. If they had a child that needed some extra assistance, they could refer to a program in their community. So there are three existing organizations that are providing these services, but they partner with other child education entities within their region. [LB944]

SENATOR NELSON: So when you get away from urban centers and you identify places in rural Nebraska and western Nebraska, are they going to be able to get out there and provide consultation and screening and things like that? Is that what they're committed to do? [LB944]

SENATOR BOLZ: The intent of this bill is to grow partners in the rural communities where those services are lacking. So you're right, someone from Omaha is not likely to drive out to O'Neill to provide a service, but if we had a new partner, say in Norfolk, they certainly would. And so the intent is to take the model that is existing in Omaha, Lincoln, and Merrick County seeded out to other areas in high need. Does that answer your questions? [LB944]

SENATOR NELSON: Yeah. Thank you. [LB944]

SENATOR MELLO: Senator Bolz, I guess it's just for a point of clarification. The existing Nurturing Healthy Behaviors Program is housed in the Department of Ed... [LB944]

SENATOR BOLZ: Uh-huh. [LB944]

SENATOR MELLO: ...financed from Child Care Block Grant dollars... [LB944]

SENATOR BOLZ: Uh-huh. [LB944]

SENATOR MELLO: ...from the Department of Health and Human Services. [LB944]

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SENATOR BOLZ: Uh-huh. [LB944]

SENATOR MELLO: So the existing three programs right now are all purely federally funded, correct? [LB944]

SENATOR BOLZ: That's right. [LB944]

SENATOR MELLO: Okay. Thank you. Senator Larson. [LB944]

SENATOR LARSON: And do you know how much, through the federally funded programs, that those three programs are costing right now dollarwise? [LB944]

SENATOR BOLZ: Our current investment through the Nurturing Healthy Behaviors Program is about \$400,000. [LB944]

SENATOR LARSON: About \$400,000. [LB944]

SENATOR BOLZ: But that's not the full cost of the programs because there are strategic partnerships with other organizations that help make sure... [LB944]

SENATOR LARSON: But federal grant money... [LB944]

SENATOR BOLZ: That's right. [LB944]

SENATOR LARSON: ...is roughly about this \$400,000 level. [LB944]

SENATOR BOLZ: That's right. [LB944]

SENATOR LARSON: So, thank you. And to kind of...on my last train of thought, the programs in Omaha and Lincoln I would assume probably consume more of that \$400,000 than, let's say, Merrick County. [LB944]

SENATOR BOLZ: Uh-huh. [LB944]

SENATOR LARSON: So in terms of seed money, this \$400,000 could actually build more than three programs because it won't have the vast size of Omaha and Lincoln to consume as much of that money possibly? [LB944]

SENATOR BOLZ: Uh-huh. Sure. [LB944]

SENATOR MELLO: Seeing no further questions, thank you, Senator Bolz. First we'll take proponents of LB944. [LB944]

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JEN GOETTEMOELLER: (Exhibits 2 and 3) Good afternoon, Mr. Chairman, members of the Appropriations Committee. My name is Jen Goettemoeller, G-o-e-t-t-e-m-o-e-l-l-e-r. I'm here on behalf of First Five Nebraska to urge your support of LB944 and its inclusion into our state budget. Want to take a moment to thank this committee, Senator Harms and the entire committee, for your recognition and investment in early childhood efforts. There are certainly a lot of early childhood discussions happening in the Legislature and we just want to make sure those are all coordinated and working together. As Senator Bolz mentioned, this bill increases the grant dollars available to Nurturing Healthy Behaviors that provide social and emotional development, training, and support to childcare providers and to parents. And I think it may be helpful to just talk a little bit about social, emotional development and what is that and why it's important. I'm just going to read a line or two out of a working paper that the Center on the Developing Child at Harvard University has published. It says: We prepare dinner while simultaneously helping our children with their homework and making notes about appointments we need to schedule for the next week. We remember the phone number that our neighbor just gave us so that we can write it down as soon as we find a pen. We take a deep breath instead of honking if the car in front of us fails to move immediately when the light turns green. As adults, our capacities to multitask, to display self-control, to follow multiple-step directions even when interrupted, to stay focused are skills that are required for daily life and success at work. Without these skills, we could not solve complicated problems and make decisions. We couldn't make plans and adjust them when necessary, couldn't control our impulsive behavior or set goals and monitor our progress toward meeting them. Children need to develop these skills, too, in order to meet the many challenges they will face on the road to becoming productive, contributing members of their communities. Now, Senators, when these skills aren't developed, behavior becomes difficult, and then it becomes disruptive. To be clear, social, emotional skills are what children need to interact on the playground well with others or when presented with a difficult task, a difficult math problem. They are the skills that provide children the capacity to keep trying until they succeed. In the 3rd grade, these are the skills that will help children focus and apply a principle that they learned in a different class to get good test scores, and they are the same skills that lead to success in the workplace later in life. So the question is, how are these skills developed? I believe others are going to testify as well and speak to how that is developed in childcare and in the classroom setting, but basically these skills are developed by helping the children identify their feelings, helping them feel understood, and then coaching them through appropriate behaviors when their first impulse is to lash out. It sounds simple and perhaps intuitive. As essential as they are, we are not born with the skills that enable us to control impulses, make plans, and stay focused. Someone has to teach us those things and we better learn them early. Our news is littered every day with stories about juveniles or adults who didn't learn those skills as a young child. So then the question becomes, well, isn't that the parent's job to teach them? Well, of course it is. While it is not the role of government to take over the job of parents, it is important for government to create conditions where good parenting can

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occur, especially when the children are at risk. There are a lot of parents out there who do not know how to respond to their child's challenging behavior. That's where Nurturing Healthy Behaviors steps in. Parents, childcare providers, and teachers can call for help, but what they get is much more than advice on the phone. They get training and hands-on coaching, and they get results. We also think that Nebraska taxpayers should be making this investment. Making strategic investments based on proven outcomes is not only wise; it saves taxpayer dollars. The last point I want to make is that LB944 prioritizes funding for areas of the state with high concentrations of at-risk children, and I do have a map for you that I would like you to take a look at. This is a map of the number of children from ages birth through five who are at risk of failing in school. These numbers come from the Census Bureau, actually just released about six weeks ago, and they're current through 2012. As you look over it and find the counties that are in your legislative district, also take a look at the statewide numbers. Currently, 41 percent of Nebraska children are at risk of failing in school. That number has been increasing and it's not good, especially for rural Nebraska. These types of investments in young children yield tremendous returns, returns that are amplified when the investments are targeted to at-risk children. So, wanted to thank Senator Bolz for bringing this bill forward and ask for you to include this investment in your state budget. Thank you. [LB944]

SENATOR MELLO: Thank you, Jen, for your testimony. Are there any questions from the committee? Senator Harms. [LB944]

SENATOR HARMS: Jen, would you kind of walk me through how all this works. I'm not sure I really understand this. How would this all be put together? [LB944]

JEN GOETTEMOELLER: Sure. So I think there are some folks here who can give you a concrete example of what that training and coaching looks like, but let me try to give you a visual example. So let's say you've got a young child and they are playing and interacting in a group with other kids, and something happens and all of a sudden one of the kids sticks a pencil in the other kid's ear. A parent or childcare provider or preschool teacher might remove Johnny from the situation; tell him, no, we don't do this, we don't hurt people; come up with some sort of punishment. They might be expelled from the childcare center or something like that. And I would suggest, this is kind of oversimplifying it maybe, but I would suggest that the Nurturing Healthy Behaviors model would go a step further and work with the parent or the childcare provider to sit down with that child and sort of explore what was going on. Maybe they were mad, and if you can help the child identify that they were mad, then you can talk them through, well, let's think about three things that we can do when we're mad that is an appropriate way of showing your anger, and sort of walking them through. Children don't misbehave because they want to drive us to an early retirement. I think they have a need that isn't being fulfilled. And when the adults in their lives take the moment to try to figure out what that need is and equip the children with appropriate responses, then we set those

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children on the path to success so that that young child, who stuck a pencil in someone's ear, not because they were bad but because they didn't know what to do with their mad feeling, later on when they're a teenager we can help them early on control their impulses so the next time it's not a knife or a gun. And that's...so that's an example. [LB944]

SENATOR HARMS: You know when I look at your map and it just kind of alarms me when I just look at western Nebraska, look at the Panhandle. Boy, there's a lot of children at risk. [LB944]

JEN GOETTEMOELLER: You know there are, Senator Harms, and I think that sometimes people think that all the at-risk kids are in north Omaha,... [LB944]

SENATOR HARMS: They're not. [LB944]

JEN GOETTEMOELLER: ...and there's certainly a large number of children there, but this is a statewide issue and it's growing faster in rural Nebraska than it is in urban Nebraska. And it's something that we really need to watch. Even in the last two years, the at-risk numbers in rural Nebraska have really increased pretty dramatically. [LB944]

SENATOR HARMS: Yeah, I know. Two years ago I think we were like about 56 percent and now we're at 61 percent... [LB944]

JEN GOETTEMOELLER: Yeah. [LB944]

SENATOR HARMS: ...of all those children who, you know, enter the public schools are at risk. And then... [LB944]

JEN GOETTEMOELLER: Right. [LB944]

SENATOR HARMS: ...we have set them up on a course to fail. [LB944]

JEN GOETTEMOELLER: Uh-huh. So one of the great things that we're particularly excited about with this bill is that these investments would go out into a lot of those areas. They have been already very successful in Lincoln and Omaha, and the rest of the state certainly needs access to those kinds of services as well. [LB944]

SENATOR HARMS: How would this...how does this...how would this tie into the Sixpence Program? [LB944]

JEN GOETTEMOELLER: So that's a great question. Those programs are now stretching out further and further across the state and we're really getting into some rural areas, but these could be partners. I mean I would suggest that any Sixpence

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Program that's out anywhere across the state could certainly...the Nurturing Healthy Behaviors work certainly could be partners in Sixpence grants. I think when we coordinate all these resources, we certainly have significant impact and better results. [LB944]

SENATOR HARMS: Thank you. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR MELLO: Senator Conrad. [LB944]

SENATOR CONRAD: Hi, Jen. Thanks so much for coming in. And just to dovetail on Senator Harms's question, one thing that I'm struggling with, with this request and the program in general is just an understanding about our framework. And I appreciate that it's good to have a variety of tools in the tool bag but in the wake of the safe haven crisis... [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR CONRAD: ...we created the navigator, Helpline. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR CONRAD: Last year Senator McGill provided a great deal of leadership on a pilot program for kids' behavioral health teleservices. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR CONRAD: This committee and the body made significant investments in early childhood education. So how does this complement those efforts... [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR CONRAD: ...or how are we ensuring there's not duplication and if you know... [LB944]

JEN GOETTEMOELLER: It's a great question. [LB944]

SENATOR CONRAD: ...or for other testifiers I'll throw it out there. But... [LB944]

JEN GOETTEMOELLER: Yeah. [LB944]

SENATOR CONRAD: ...that's just something that I think that we need to think about.

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[LB944]

JEN GOETTEMOELLER: I'm not sure that I have a full explanation. It certainly would be worth trying to make sure everything is well coordinated. I think what might be particularly helpful in the Nurturing Healthy Behaviors work and those grantees is that they're very focused on early childhood. A lot of the other efforts focus across the span, even on older youth. But when we really can start very early and concentrate or target a little bit of extra effort early on, I think we really can help shift some of that challenging behavior and get it in the right direction going pretty early. [LB944]

SENATOR CONRAD: Okay. Thanks. [LB944]

SENATOR MELLO: Senator Nelson. [LB944]

SENATOR NELSON: Thank you, Senator Mello. Thank you for coming today, Jen. I'm looking at your chart here. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR NELSON: Somebody has come up with the statistic that 41 percent of children age zero through five are at risk. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR NELSON: Most of those kids have never set foot in any school environment or preschool... [LB944]

JEN GOETTEMOELLER: Correct. [LB944]

SENATOR NELSON: ...or anything. [LB944]

JEN GOETTEMOELLER: Right. [LB944]

SENATOR NELSON: How do you come up with a figure like that? [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR NELSON: Is it based on family income or...? [LB944]

JEN GOETTEMOELLER: This is, yeah, these are census numbers and it also utilizes a definition that the Department of Education has used for a number of years in terms what makes a child at risk of failing in school. And so to answer your question, you were asking, I think, about income and is that a factor. It is. We want to make sure that the

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numbers aren't duplicated so we really do just look at free and reduced-price lunch income, so that poverty level, and not count any other child who maybe in other risk factors. [LB944]

SENATOR NELSON: Well, maybe someone else can, you know, we'll hear more testimony. Just the assumption that low income is going to put you at risk of failure, I don't buy that, frankly, not from my experience. [LB944]

JEN GOETTEMOELLER: Well, I think there are...I think there are a lot of children who are in poverty who can do very well, but we know at risk, what it really means, what the term implies is that they are going to have more of a struggle in school to be successful if they don't have a little bit of extra intervention, if they don't have the kinds of experiences that we know really support good, neuro brain architecture. And these...the experiences that they would have with a parent or a childcare provider funded through Nurturing Healthy Behaviors are exactly those kinds of experiences. [LB944]

SENATOR NELSON: Okay. Thank you. [LB944]

SENATOR MELLO: Jen, real quick, I guess a point of clarification. You define, First Five Nebraska defines at risk as 185 percent or below, right,... [LB944]

JEN GOETTEMOELLER: Yes, that's... [LB944]

SENATOR MELLO: ...of poverty, federal poverty level. [LB944]

JEN GOETTEMOELLER: That's a definition that our Nebraska Department of Education utilizes... [LB944]

SENATOR MELLO: Okay. [LB944]

JEN GOETTEMOELLER: ...and so we utilize that same definition. And census does track, so... [LB944]

SENATOR MELLO: Yeah. [LB944]

JEN GOETTEMOELLER: ...these numbers are for children under six that are at 185 or below. [LB944]

SENATOR MELLO: Okay. That was just more of a point of clarification... [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR MELLO: ...more than anything else. [LB944]

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JEN GOETTEMOELLER: Right. [LB944]

SENATOR MELLO: Senator Larson. [LB944]

SENATOR LARSON: Senator Nelson took my question in terms of what is...how do you determine what constitutes at risk. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR LARSON: And I think, more of a comment, I mean rural Nebraska, obviously there's issues out there with education and making sure these programs get to get out there. But at the same time, just, you know, the level of incomes out there are...just aren't as high as in Omaha and Lincoln. So I can understand Senator Nelson's comments of there could be some inflated numbers out in rural Nebraska, but it doesn't mean that there's not a problem or these programs wouldn't do good work out there. [LB944]

JEN GOETTEMOELLER: Uh-huh. [LB944]

SENATOR MELLO: Any further questions? Seeing none, thank you, Jen. [LB944]

JEN GOETTEMOELLER: Thank you very much. [LB944]

SENATOR MELLO: Next proponent for LB944. [LB944]

MATT DOMINY: (Exhibit 4) Senator Mello, members of the Appropriations Committee, thank you for the opportunity to testify for LB944. My name is Matt Dominy, D-o-m-i-n-y. I'm an elementary principal at Adams Elementary in Lincoln Public Schools. I am representing Lincoln Public Schools in this testimony today. I'm here to support LB944 which will expand mental and behavioral health services for the children of Nebraska. Every day and in every school in the state of Nebraska, our students in our schools are impacted by issues related to behavioral and mental health. We have students who come to our schools who have separation anxiety, depression, oppositional defiant disorder, reactive attachment disorder, just to name a few. I am here today to offer testimony for those students so that they might receive the services necessary so that they can access the rigorous curriculum and instruction that we provide to all of our students. As a school district, we recognize that we cannot address all of the mental and behavioral needs of our students alone, and we welcome the opportunity to partner with community organizations for early childhood social and emotional consultation services. A partnership built on meeting the individual's social, emotional needs of each child in each setting is critical in setting a trajectory toward school success, graduation, and long-term life success. Expanding funding for the Nurturing Healthy Behaviors

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Program will provide an opportunity for many Nebraskan children to be screened for social and emotional needs while still being at an age that these issues can be addressed proactively through individual program plans. Our hope is that these screens can be delivered and communicated in a way that honors the individual needs of families, communities, and the culture of our students. Our district is most hopeful that this increased funding to Nurturing Healthy Behaviors Program will result in training for our early childhood education staff in identifying social, emotional concerns, guidance in making individual plans of support, and planning for proactive instruction related to long-term social, emotional health. While teachers and administrators receive extensive training in content and pedagogy, initial training in supporting students with mental and behavioral health concerns can be very limited. This bill moves us in the right direction in meeting the needs of our children with behavioral and mental health concerns, as well as in providing necessary resources and tools to the providers of these students. Thank you for the opportunity to share testimony on LB944. I'd be happy to answer any questions you might have for me at this time. [LB944]

SENATOR MELLO: Thank you so much for your testimony, Matt. Are there any questions from the committee? Senator Harms. [LB944]

SENATOR HARMS: Thank you for your testimony. I'm just curious, how many of these children that have these kinds of issues are...would be classified as special ed students? [LB944]

MATT DOMINY: There are students that would qualify for special needs. It would be hard to give you percentages and numbers without going to statistics, but we could provide that if needed. [LB944]

SENATOR HARMS: I'd like to know that. [LB944]

MATT DOMINY: Sure. [LB944]

SENATOR HARMS: I've got kind of a feeling that...because I have two daughters that work in the special ed world, and so... [LB944]

MATT DOMINY: Right. Right. [LB944]

SENATOR HARMS: ...I'm pretty much in tune with that, that, you know, trying to bring these children into the regular line of coursework is really a struggle in just getting them to adjust to that sort of thing. I'm just curious about how many of those children might very well be classified as special ed. [LB944]

MATT DOMINY: You're absolutely correct. We have to make sure that we have those supports in place so that they can... [LB944]

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SENATOR HARMS: Right, I understand. [LB944]

MATT DOMINY: ...access that general curriculum for sure. [LB944]

SENATOR HARMS: Yeah. Thank you. [LB944]

SENATOR MELLO: Are there any other questions? Senator Conrad. [LB944]

SENATOR CONRAD: Thank you, Principal Dominy, for coming in. Have you had a chance to interface with the Legislature much? [LB944]

MATT DOMINY: I have not. This is my first experience. [LB944]

SENATOR CONRAD: Well, you did a wonderful job. [LB944]

MATT DOMINY: Thank you. [LB944]

SENATOR CONRAD: And I can tell you that it's always really helpful to us, as policymakers, when we can hear from professionals on the front lines about... [LB944]

MATT DOMINY: Absolutely. [LB944]

SENATOR CONRAD: ...these public policy issues and how they impact the educators and the students and the families in your school. So I really appreciate you taking the time out of your school day to come down here and share that experience. [LB944]

MATT DOMINY: I'm happy to be here. Thank you. [LB944]

SENATOR CONRAD: We hope to see more of you. [LB944]

MATT DOMINY: Thank you. [LB944]

SENATOR MELLO: Are there any other questions from the committee? Seeing none, thank you for your testimony, Matt. [LB944]

MATT DOMINY: Thank you. [LB944]

SENATOR MELLO: Next proponent for LB944. [LB944]

JIM BLUE: Thank you very much, Senator Mello. Jim Blue, J-i-m B-l-u-e. I want to offer my support and the support of the CEDARS Organization for LB944. I'm going to keep this short, but I will certainly go as long as you might have questions. There are several

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other people in the room whose expertise in early childhood development is greater than mine, but I would like to offer my perspective on this for you, please. The CEDARS Organization is a 67-year-old organization providing a range of services from juvenile justice to in-home family interventions, out-of-home care. We are also the largest provider of nationally accredited childcare for the children of low-income families in southeast Nebraska, and that's a massive responsibility. While we are providing this care, those parents are in school or they are working very marginal income jobs. What we do with those kids and what transfers over to the parents is critically important for our future. The Nurturing Healthy Behaviors Program has been a strong, value-added component of our work with children and families for over ten years now. If we talk about testing interventions, this intervention is tested with three organizations in Nebraska that are solid in their reputation, have worked out the bugs. And I think it is time to expand this. Through the Nurturing Healthy Behaviors Program, we are able to bring to the table a behavioral consultant, staff training, parent training, not as three separate components of intervention but as one coordinated approach to partner with our teachers and the parents to help raise healthy kids. The Nurturing Healthy Behaviors Program has been, from my perspective, very, very helpful to a whole lot of kids over the last ten years and their families, and has a great future ahead of it. But on the off chance that my word is not enough to tell you how important this has been, the most recent evaluation report from the University of Nebraska Medical Center's Interdisciplinary Center for Program Evaluation reported four primary findings of CEDARS' Nurturing Healthy Behaviors Program. Classrooms receiving consultation services have high-quality learning environments and demonstrated quality practices in supporting children's social, emotional development, one. Two, children of CEDARS made significant improvements in their social, emotional skills and significant decreases, significant decreases in challenging behaviors. Three, nearly all of the children met age expectations for social, emotional protective factors. Now when I say nearly all, these are very high-risk kids. Income, we have a number of kids that are in the foster care system and when I read a report that says nearly every child is where they should be for age expectations, that's huge considering the nearest feeder elementary school, which is Clinton, and so many of those kids historically have been behind on their school readiness. Finally, mental health consultation services benefited children, parents, teachers, and community providers. So I concur with the University of Nebraska in their evaluation support. Thank you. Appreciate your support. Would like to try to answer any questions. [LB944]

SENATOR MELLO: Thank you for your testimony, Jim. [LB944]

JIM BLUE: Uh-huh. [LB944]

SENATOR MELLO: Are there any questions from the committee? Senator Harms. [LB944]

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SENATOR HARMS: Thank you for your testimony. With your experience in working with children, are you seeing that the conditions for children and the children are actually getting worse than they were five years ago? Are we seeing that we're having more emotional or more distress for children than we had before? And if you do see that, what do you think is actually creating this? Is it coming because they live in poverty or what's your evaluation of this? [LB944]

JIM BLUE: I'll limit myself to an hour so in this response if that's all right. [LB944]

SENATOR HARMS: That's okay. I have plenty of time, but my colleagues probably don't. (Laughter) [LB944]

JIM BLUE: You know, I think there are...there's two things that I'll try to speak about and try to be succinct. Number one, I think there are fewer employment opportunities which offer living wages. There are employment opportunities, but we see so many parents that are working one and a half, two jobs with children. So that has been an area that we certainly have looked at, is just the lack of physical time that many good parents have to be with their kids, underlining the importance of quality early childhood development services with these value-added components. Two, and certainly I do not want to disparage Department of Health and Human Services, but in southeast Nebraska over the past year and a half there are 300 fewer wards of the state in southeast Nebraska and that's just the last year and a half. This is not a commentary on how many state wards we should have. It's a commentary that there's a reason why these families came into state wardship and it's not just a button that can be flipped and all of a sudden those families have no needs. So we are seeing young teen parent families, young, 20-year-old parent families that have very little to no support, where in the past they would have been in-home state ward families, so they would have remained intact, but as state wards there would have been services available to them and those services are no longer available as they are no longer state wards. So, yes, we have seen things getting more difficult for the families. [LB944]

SENATOR MELLO: Senator Nordquist. [LB944]

SENATOR NORDQUIST: Thank you, Jim. [LB944]

JIM BLUE: Certainly. [LB944]

SENATOR NORDQUIST: So is CEDARS the lead for the Lincoln funding, is that...? [LB944]

JIM BLUE: Yes. [LB944]

SENATOR NORDQUIST: And then... [LB944]

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JIM BLUE: At... [LB944]

SENATOR NORDQUIST: ...CSI in Omaha area? [LB944]

JIM BLUE: I'm not sure in Omaha. [LB944]

SENATOR NORDQUIST: Okay. Okay. Maybe whoever comes up behind can clarify. [LB944]

JIM BLUE: But, yes, there are two...we operate before- and after-school and community learning center programs at Hartley Elementary School, in Clinton. [LB944]

SENATOR NORDQUIST: Uh-huh. [LB944]

JIM BLUE: The locus of Nurturing Healthy Behaviors is at our Northridge Community Center... [LB944]

SENATOR NORDQUIST: Okay. [LB944]

JIM BLUE: ...childcare center and at our Carol Yoakum Child Care Center, which is out in Air Park. [LB944]

SENATOR NORDQUIST: Great. Thank you. [LB944]

JIM BLUE: And I don't mean to, you know, be presumptuous and introduce my next testifier, but I do want to note that with me today is Tiffany and she has been a teacher in our childcare centers for six years now, and I think that her perspective also can be very important to you. [LB944]

SENATOR MELLO: Senator Conrad. [LB944]

SENATOR CONRAD: Jim, just very quickly before we hear from Tiffany, no doubt you have an incredibly experienced and talented staff across your programs, but are you finding that the special level of expertise needed to deal with this type of program and with kids with these types of needs is something that really sets it apart from some of the other programs? Is that part of the solution or is that part of the story here today? [LB944]

JIM BLUE: You know, everything that we do, families are struggling, but, and I don't mean to be trite here, some of my greatest heroes are the families who are participating in our early childhood development, because they are doing everything they possibly can to stay together,... [LB944]

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SENATOR CONRAD: Uh-huh. [LB944]

JIM BLUE: ...to stay strong, and to raise great kids for us who are Nebraskans. And so many times they're alone. So we, our teachers like Tiffany, are partners with them, but, boy, the resources that are brought to them and our staff by the Nurturing Healthy Behaviors Program has really been important because, well, it takes a lot of people to raise a kid these days. [LB944]

SENATOR CONRAD: Absolutely, and we can all use all the help we can get. [LB944]

JIM BLUE: Yeah. [LB944]

SENATOR CONRAD: Believe me, I understand that. But the point being that you can be trained, you can be experienced when it comes to early childhood, but in dealing with behavioral issues, that's a different set of skills, that's a different set of expertise. So the more folks that we have with that special set of expertise helps with the whole picture. Is that a fair assessment? [LB944]

JIM BLUE: Absolutely. Yes. [LB944]

SENATOR CONRAD: Okay. [LB944]

JIM BLUE: Thank you, Senator, yes. And Tiffany has her bachelor's degree in elementary education. [LB944]

SENATOR CONRAD: Great. [LB944]

JIM BLUE: And has devoted her career to this work. But the behavioral consultant comes in with resources, which are a necessary partner for the kids and the families. [LB944]

SENATOR CONRAD: Great. Thank you. [LB944]

SENATOR MELLO: Seeing no further questions, thank you, Jim. [LB944]

JIM BLUE: Thank you, sir. [LB944]

SENATOR MELLO: Next proponent for LB944. [LB944]

TIFFANY WITTRUCK: I am Tiffany Wittrock, that's T-i-f-f-a-n-y W-i-t-t-r-o-c-k. I am a preschool teacher for CEDARS Youth Services at the Northbridge location. I currently have 20 children enrolled in my class and many of which do have behavior problems.

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And over the years I've had many experiences with them, and without the behavior consultants, I don't know how we would have kept them in our center. First benefit that I want to talk about of having this grant is the support it provides for our staff. We have a lot of trainings and workshops that we go through with the behavior consultant most of the time that help us strengthen and maintain our classroom management skills in general. We are taught to utilize alternative and effective methods of behavior modification, and we are given resources, advice, and assistance in everyday behavior modification skills. Through this grant, we create a safe and helpful resource for clients and their families. A skilled and knowledgeable behavior consultant is available to help clients who may be escalated or in crisis. They are able to develop a relationship with a client, and they provide a safe environment for the child when they escalate, because they can't stay in the classroom when they escalate. They teach them problem-solving skills and they provide support for the child outside the classroom and inside the classroom. Let's see, they're also able to offer family support. They develop a relationship with our families. Thanks to this grant, we can provide classes and trainings that teach problem-solving skills at home, and these classes also teach families many important tips and skills from, you know, potty training to aggressive behavior. There's so many things in the range that they can talk about that will help with the behavior skills at home and at school. We are also able to provide beneficial resources and advice to those who seek it, because there's so many resources out there and so many of our families just don't know. One family in particular that I like to talk about that benefitted from this was a family of six children, four of which were placed with their very loving grandmother. But before being placed with the grandmother, they were victims of abuse and malnutrition and extreme neglect. Their grandmother was suffering from multiple health issues and she found it very hard to keep up with the demand of raising four very difficult yet amazing children. She reached out to the behavior consultant at our center for help, and with the support of this grant she was able to find help for the children and their family situation. The behavior consultant at the time provided these children and family with individual counseling and family counseling. She also gave the family suggestions and alternative resources for therapy that they could do at home. The children were able to stay in our care, despite the extreme behavior challenges on a daily basis. And she gave the staff the tools that they needed, me being one of them, so that each child could stay in the class throughout the day as often as possible. All of the children have since graduated from our program and they've continued on to public school and their family still has the support from the resources that they were provided through the behavior consultant at our center. Thank you. [LB944]

SENATOR MELLO: Thank you for your testimony, Tiffany. Are there any questions from the committee? Senator Conrad. [LB944]

SENATOR CONRAD: Thank you so much for being here and for your service in our community and particularly in north Lincoln, which I'm very fond of. (Laughter) But I was wondering, could you just very specifically, without intruding on this family's privacy or

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just other families that you experienced,... [LB944]

TIFFANY WITTROCK: Uh-huh. [LB944]

SENATOR CONRAD: ...can you provide the committee with a very specific, concrete example of the behavioral problem that you see exhibited or escalated, and then the specific strategy that this program helps to counteract? [LB944]

TIFFANY WITTROCK: Yes. For instance in my class we had a little girl that was the middle child, well, one of the middle children of these four, and she was very difficult. She was a flight risk. She liked to run. She liked to throw things. She liked to hurt people. She liked to hurt teachers. One, we had descriptive stories for her, which helped her calm down at nap time, which was the hardest time of the day. We had moments where she would be outside of the classroom that were planned so we didn't have to take her out when oftentimes they escalate just to leave. So we'd have specific times where she would be able to calm down and focus her skills on something else outside the classroom, as in, oh, we had boxes of things, of puzzles and things for her to do. We also had a special room that she'd go when she did escalate, because she was so violent and she was a very strong child, that she had a room with nothing in it that she was able to de-escalate on her own, and that was very helpful. And the behavior consultant was always right there with us, helping us to tell us what to say, what to do, and eventually we just kind of learned how to help this child cope and help this child stay in the classroom with us throughout the day, so. [LB944]

SENATOR CONRAD: So then those skills that staff utilized helped to address not only the short-term immediate problem that the behavior caused in that classroom, but it helped to really turn the child around in terms of... [LB944]

TIFFANY WITTROCK: Right. [LB944]

SENATOR CONRAD: ...having those strategies available to her ongoing... [LB944]

TIFFANY WITTROCK: Correct. [LB944]

SENATOR CONRAD: ...to prevent additional kind of behavioral problems. [LB944]

TIFFANY WITTROCK: Yes. We also provide...the word is escaping me...basically a consultation when they first come in... [LB944]

SENATOR CONRAD: Okay. [LB944]

TIFFANY WITTROCK: ...and where when they first come in they get a rundown of what the day is going to be and then you prepare them for the day, and they know. You go

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through their rules: no, I cannot hurt; no, I...you know, each one of these children that struggles has a specific list of things that they get to go through at the beginning of the day that prepares them for their day too. So that helps a lot. [LB944]

SENATOR CONRAD: Okay. Great. Thanks. [LB944]

SENATOR HARMS: Thank you, Senator Conrad. Do we have any other questions at all? I almost said Senator Kintner. He's back, isn't he? (Laughter) Do we have any other questions? Thank you very much for your testimony. [LB944]

TIFFANY WITTROCK: Thank you. [LB944]

SENATOR HARMS: Do we have anyone else who would like to speak in favor of LB944? Seeing...I guess we see right. [LB944]

JAY SEARS: (Exhibit 5) Good afternoon, Senator Harms, members of the Appropriations Committee. For the record, I am Jay Sears, that's J-a-y S-e-a-r-s, and I'm representing the 28,000 educators of the Nebraska State Education Association, and NSEA does support LB944. And we applaud Senator Bolz's recognition of the mental health needs of our young children, especially those children in Nebraska's underserved areas. Allocating \$400,000 for the expansion of the Nurturing Healthy Behaviors Programs in both fiscal year 2015 and '16 will increase the capacity of Nebraska to serve the high numbers of at-risk children across the state of Nebraska. And that's why we support and urge you to include it in your budget. So thank you... [LB944]

SENATOR HARMS: Thank you, Jay. [LB944]

JAY SEARS: ...for the opportunity to testify, Senator. [LB944]

SENATOR HARMS: Thank you for your testimony. Do we anyone who would like to ask any questions? Seeing none, thank you very much, Jay. [LB944]

JAY SEARS: Thank you. [LB944]

SENATOR HARMS: (See also Exhibit 6) Do we have any other proponents for LB944? Seeing none, do we have any opponents for LB944? Seeing none, do we have anyone who would like to speak in a neutral capacity? Seeing none, then we'd close LB944 and we'll now open LB1026. Senator Bolz. [LB944]

SENATOR BOLZ: May I close on LB944? [LB944]

SENATOR HARMS: Yes, I'm sorry, you sure can. [LB944]

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SENATOR BOLZ: That's okay. I'll be brief. [LB944]

SENATOR HARMS: Okay. [LB944]

SENATOR BOLZ: I just...I want to be clear for the committee, this isn't funding to help naughty kids. This isn't about kids who are misbehaving. This is about identifying kids with autism early. This is about kids who have difficult family life circumstances and are dealing with toxic stress. This is about kids who have been victims of abuse or circumstances beyond their control and have posttraumatic stress disorder. This is about serving the most vulnerable kids with the highest behavioral needs in a way that intervenes early and uses the best practices and the highest expertise. So that's just the point I wanted to hammer home. [LB944]

SENATOR HARMS: Accept my apology for the... [LB944]

SENATOR BOLZ: That's okay. [LB944]

SENATOR HARMS: ...not giving you the professional courtesy to close. Thank you for closing. Now we will officially open up LB1026. Senator Bolz. [LB944]

SENATOR BOLZ: Hi again. I bring LB1026 to create an Educational Trust Fund in stabilizing Nebraskans' Nebraska's education funding. There are several quite logical reasons to establish such a fund. First, an Education Trust Fund will protect taxpayers from a tax hike during an economic downturn, when they are least able to afford one. History shows that the Legislature helped to lower property taxes in the 1990s by providing more K through 12 support and this allowed schools to lower property taxes. However, subsequently, we have cut K through 12 aid and property taxes have increased. Second, instability in education funding leads to a variety of challenges, ranging from tax increases to cuts in teaching staff, to manipulation of the TEEOSA formula to make it fit our available funds. For example, in our most recent economic downturn, we received over \$200 million in federal funds that we were able to use for education that helped us stabilize this fund. But that's not a solution that's likely to be an option in the future. So instability leads to challenges and additional funding can stabilize our programs. Third, K through 12 education funding does deserve unique treatment. It's a constitutional obligation. It is directly related to property tax pressure. And currently and certainly spending cuts are an option in an economic downturn but we will retain other obligations in difficult economic circumstances. Those of you who were on the committee before my service know just how painful that is. So when we're worried about protecting folks in nursing homes and maintaining our correction systems during economic difficulties, we need options such as an Educational Trust Fund to keep our K through 12 education system strong. In a twenty-first century economy, the skills of the future are more important than ever, and so education funding is more

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important than ever. We certainly have trust funds for other contingencies, such as the Unemployment Trust Fund, which is pulled into effect when the economy goes down and unemployment goes up. This is a similar kind concept. Let me tell you a little bit about the way in which the bill is conceptualized. This bill would create an Education Trust Fund with the goal of creating a 10 percent reserve of the TEEOSA formula from the Cash Reserve. Funds could be transferred from the fund only for the purpose of funding TEEOSA and only in the circumstances of an economic downturn, defined in this bill as a year in which revenues are 3 percent or more under the ten-year revenue average. I will note that I think the fiscal note and the intent of the bill maybe aren't a perfect match. I have an amendment that would address some of the technicalities, but I don't think that this conversation today is necessarily about the technicalities. It's about whether or not an Education Trust Fund contributes to the overall fiscal sustainability of our state. It's whether or not this idea is a tool that we can use to protect our taxpayers and to promote our public education systems into the future. So I think that now is an appropriate time for us to think about saving for the future, and I just encourage your consideration of this idea and of the testimony that follows me. [LB1026]

SENATOR HARMS: Thank you, Senator Bolz, for your testimony. Do we have any questions? Senator Nelson. [LB1026]

SENATOR NELSON: Thank you, Senator Bolz. If this were set up today, we'd have \$40 million from LB725 to put into that fund, wouldn't we, that we were talking about this morning on the floor? [LB1026]

SENATOR BOLZ: The concept of this bill is actually to use Cash Reserve Funds, so I don't exactly know how to answer that question. What maybe is a better example is last year when we had an unexpected \$53 million bump in our revenues, that might be an appropriate time frame in which to move some of that unexpected benefit in unexpected revenue into a savings account. [LB1026]

SENATOR NELSON: Yeah, I understand what you want to do. But my point is we're \$40 million ahead of the game right now, according to the formula and everything, and I think I spoke to that on the floor... [LB1026]

SENATOR BOLZ: Uh-huh. [LB1026]

SENATOR NELSON: ...of why don't we just keep this, put it aside for the rainy day, for the hard times here that you're talking about. [LB1026]

SENATOR BOLZ: Uh-huh. [LB1026]

SENATOR NELSON: So I just wanted to make my point again. [LB1026]

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SENATOR BOLZ: Uh-huh. [LB1026]

SENATOR NELSON: Thank you, Senator Bolz. [LB1026]

SENATOR BOLZ: Very good. [LB1026]

SENATOR HARMS: Thank you, Senator Nelson. Do we have any other questions?  
Senator Kintner. [LB1026]

SENATOR KINTNER: I think Senator Nelson was patting himself on the back there, I really do. (Laughter) So would this be...just explain to me how...the logistics of how this would...the mechanics of how it would work again... [LB1026]

SENATOR BOLZ: Sure. [LB1026]

SENATOR KINTNER: ...just very, you know, just kind of give me the thumbnail sketch of the gamut. [LB1026]

SENATOR BOLZ: Sure, thumbnail sketch. [LB1026]

SENATOR KINTNER: Yes. [LB1026]

SENATOR BOLZ: During a time of existence of a Cash Reserve, should this body decide that it's appropriate, we could move money into the savings account. The savings account would stay there for contingencies, just like the Unemployment Trust Fund does. And in an economic downturn, defined in this bill as a time period in which revenues are below a ten-year average by 3 percent, money could be pulled out of the fund by this committee, if it was deemed necessary, to stabilize our education funding. [LB1026]

SENATOR KINTNER: What's the difference between putting the money in this fund and pulling it out during a tough time,... [LB1026]

SENATOR BOLZ: Uh-huh. [LB1026]

SENATOR KINTNER: ...and keeping it in the Cash Reserve and pulling it out at a tough time? [LB1026]

SENATOR BOLZ: Uh-huh. [LB1026]

SENATOR KINTNER: What's the difference? [LB1026]

SENATOR BOLZ: Well, I think it specifically protects education funding in an economic

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downturn. I am an optimist, Senator Kintner, and so I always hope for the best. However, I don't think that anybody in this room predicted the mortgage crisis and I think it's possible that other dramatic, global economic crises could impact the state of Nebraska's revenue. Here's where I'm getting with that, is that if we have a significant decline in revenue, we still need to keep dangerous people in prison. We still need to keep elderly, vulnerable people in nursing homes. We still need to pare utility bills, and we still need to pay off our obligations that we're incurring now through our economic development initiatives. I think that during a time of an economic downturn we might have a fire on all fronts and I think that education, as a constitutional obligation and as something that is so vital for the economic future of Nebraska, is something that we should save for. [LB1026]

SENATOR KINTNER: Let me play some more devil's advocate here. [LB1026]

SENATOR BOLZ: Absolutely. [LB1026]

SENATOR KINTNER: Isn't that what we're here to do on the Appropriations Committee? Aren't we supposed to look at these problems and say, well, jeez, we've got an economic downturn, how are we going to slice the pie up? That's what this committee does. Why would we want to tie the hands of this committee and not give us the prerogative of moving the money around as needed? [LB1026]

SENATOR BOLZ: Uh-huh. That's a fair question. I guess one of the main reasons is that it's a constitutional obligation to provide education. Another is that I do think it rises to a level of priority, not just because I think education is important but because it is so directly tied to local property taxes, that pulling money on a state level away from K through 12 education has such a dramatic impact on local property taxes and the potential for increased levies. I agree with you, in the case of an economic downturn we should cut where necessary and where appropriate. And if we are faced with difficult circumstances, we should be prepared to do that. But I also see no reason why it wouldn't be smart to save money for that rainy day now when we do have some money in our savings account. [LB1026]

SENATOR KINTNER: Okay. I'll put the devil away. Thank you very much. Appreciate it. [LB1026]

SENATOR BOLZ: (Laugh) I appreciate that, Senator Kintner. [LB1026]

SENATOR HARMS: Thank you, Senator Kintner. Do we have any other questions? Seeing none, thank you, Senator Bolz. Do we have any other proponents for LB1026? [LB1026]

JASON HAYES: (Exhibits 7 and 8) Well, good afternoon, Senator Harms and members

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of the Appropriations Committee. For the record, I am Jason Hayes, spelled J-a-s-o-n H-a-y-e-s. I am here today representing the 28,000 members of the Nebraska State Education Association. NSEA is testifying in support of LB1026, and we would like to thank Senator Bolz for introducing this legislation. Establishing an Educational Trust Fund will send a clear message to the people of Nebraska that this state values education and recognizes the importance of consistency when it comes to statewide funding for education, especially during an economic downturn when the state and school districts are facing periods of declining revenues. Reductions made in promised state aid dollars during such times are disruptive to school districts, students, and property taxpayers. LB1026 is one suggestion on how to begin an Educational Trust Fund. What we are advocating is that a percentage of state aid to education be set aside from the Cash Reserve Fund when economic times are good and state revenues are increasing. In this case, 10 percent of the current amount of state aid to education is proposed, but even a 5 percent set-aside would be a good start if the \$114 million mentioned in the fiscal note is determined to be too large. For fiscal year '14-15, state funding for TEEOSA is approximately \$940 million, and that figure does not include other state aid such as aid for special education. NSEA believes that in the current legislative session where there are calls for a major tax cut being funded in part by money from the Cash Reserve Fund, that the concept of an Educational Trust Fund is a good one. It helps to further underscore the idea that state funds held in reserve should be used for periods when the state is facing declining revenues. This helps to reduce the likelihood of a tax increase or sudden and severe program cuts during an economic recession. Such tax increases would place an additional burden on taxpaying consumers and businesses. Program cuts harm students and staff. In my handout I show seven other states that currently have some type of an education trust fund. Many of these funds have dedicated sources of funding. LB1026 does not contain a separate source of revenue funding, but a similar bill, LB1025, being heard in the Revenue Committee, would fund an Education Trust Fund with future revenue derived from an Internet sales tax. We believe an Education Trust Fund contemplated in this bill before you would be a good first step in getting such a trust fund created. The creation of an Education Trust Fund will help provide our kids with quality teachers and a quality education. We ask you to support LB1026 and make this long-discussed budgetary concept finally a reality. And I thank you for your time and willing to answer any questions. [LB1026]

SENATOR MELLO: Thank you for your testimony, Jason. Are there any questions from the committee? Seeing none, oh, Senator Nelson. [LB1026]

SENATOR NELSON: Thank you. Thank you, Jason, for coming. I'm interested in LB1025. Can you tell me a little more about that? Whose bill is that and has it been heard? [LB1026]

JASON HAYES: That's introduced also by Senator Bolz and it has similar language in it

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with regard to an Education Trust Fund. Under the contemplation that at some point when Congress allows states to tax Internet revenue, that that additional money would go into a trust fund and would help with funding of state aid. [LB1026]

SENATOR NELSON: I have to say that appeals to me a lot more. I hope that we get to that point where we can get some of this revenue in... [LB1026]

JASON HAYES: Yeah. [LB1026]

SENATOR NELSON: ...from an Internet, you know, Internet sales, because I think we're missing out on a lot of money. And to think we're going to set up a fund like this, of this sort, I think that's a much better source, in my opinion,... [LB1026]

JASON HAYES: Yeah. And I think one... [LB1026]

SENATOR NELSON: ...than out of General Funds. [LB1026]

JASON HAYES: ...one of the reasons why there are two similar bills is to get the concept before the Appropriations Committee and then to also have the discussion in Revenue. [LB1026]

SENATOR NELSON: It will be interesting to see. [LB1026]

JASON HAYES: Yeah. [LB1026]

SENATOR NELSON: Thank you. [LB1026]

SENATOR MELLO: Any further questions from the committee? Seeing none, thank you, Jason. [LB1026]

JASON HAYES: Thank you. [LB1026]

SENATOR MELLO: Are there any other proponents for LB1026? [LB1026]

JON HABBEN: Good afternoon, Senator Mello, members of the committee. My name is Jon, J-o-n, Habben, H-a-b-b-e-n, and I'm the executive director of Nebraska Rural Community Schools Association. Also bring experience as a practicing superintendent for the last 17 years before starting this. By the way, I, too, like Internet sales, but also because I grew up in a brick-and-mortar retail business, two really big reasons. Anyway, this concept that Senator Bolz brings forward has been discussed on and off for a number of years. In our legislative and executive committee meetings, it has often come up as a why don't we think about this. And what's happened, as you think back about the economy over the last several years, at a time when we probably needed to do

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these kinds of things was a time that nobody wanted to talk about these kinds of things. And so we kind of had a circumstance where it didn't really move beyond our internal committee level discussion. So I'm real pleased that Senator Bolz has taken this. There's two ways to look at stabilization kinds of things. One is you attempt to stabilize things relative to individual school districts. The other is to attempt to stabilize, through this type of a backup fund, a trust fund, to stabilize the total amount of money. I have reason, not only by experience but by belief, that we should be working on both. I know and I agree with you, Senator Kintner, when you talk about having that reserve and having the Appropriations Committee need to make those decisions in those times where that reserve may be necessary, but I think Senator Bolz makes a very good point. When we are looking P-K-12 education, we're looking at something that is a constitutional priority. We're looking at something that is a state priority. We're certainly looking at something that is a parental priority. And I think that a certain amount of money can fit into this direction without compromising that reserve that is so critically important and that the Appropriations Committee needs to make decisions about. That's all I have. Thank you. [LB1026]

SENATOR MELLO: Thank you for your testimony, Jon. Are there any questions from the committee? Seeing none, thank you. [LB1026]

JON HABBEN: Yep. [LB1026]

SENATOR MELLO: Are there any further proponents for LB1026? [LB1026]

LESA CHRISTIANCY: (Exhibit 9) Good afternoon, Senators. I am Lesa Christiancy. For the record that is spelled L-e-s-a C-h-r-i-s-t-i-a-n-c-y. I am a 6th grade teacher at Scott Middle School here in Lincoln, and I am here today to testify in support of LB1026. I have been an educator for 28 years. The Education Trust Fund proposed in LB1026 is important because it could be tapped for state aid to education when the state faces an economic downturn. Reductions made in promised state aid during such times are disruptive to school districts, students, and property taxpayers. School districts scramble to try to make ends meet. They cut programs, increase class size, layoff teachers, and increase property taxes in order to try and make up for promised state aid funding. The Education Trust Fund could help smooth the economic peaks and valleys for our schools. An eight-year-old student is at that age for one year, and if that year happens to be during tough economic times for the state and if class size balloons or a special reading program has to be eliminated due to budget cuts, there's no do-over for that eight-year-old. That year is gone. Creating the trust fund helps ensure that eight-year-old's learning doesn't suffer due to a state budget shortfall. Creation of an Education Trust Fund would help provide our kids with quality teachers and a quality education, and that will help create a more vibrant economy and a better quality of life for all Nebraskans. I urge you to support LB1026 and advance it out of committee. [LB1026]

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SENATOR MELLO: Thank you for your testimony, Lesa. Are there any questions from the committee? Seeing none, thank you. [LB1026]

LESA CHRISTIANCY: Thank you. [LB1026]

SENATOR MELLO: Any further proponents for LB1026? Seeing none, are there any opponents to LB1026? Seeing none, is there anyone here in the neutral capacity on LB1026? [LB1026]

RENEE FRY: Good afternoon. [LB1026]

SENATOR MELLO: Good afternoon. [LB1026]

RENEE FRY: Congratulations. [LB1026]

SENATOR MELLO: Thank you. [LB1026]

RENEE FRY: (Exhibits 10 and 11) My name is Renee Fry, R-e-n-e-e F-r-y, and I'm the executive director of OpenSky Policy Institute. I'm here today to testify neutral on LB1026, although we very much support the concept of LB1026 to provide more consistent funding for state aid to K-12 schools. Such a fund could reduce the fluctuations and adjustments to the school aid formula that have frequently occurred since the TEEOSA formula was first implemented. As a share of the economy, state aid to K-12 schools has declined 9 percent since the first full year of TEEOSA funding in FY '90-91, and is currently nearly 12 percent below the pre-stimulus historic average, as shown in the graph that is being handed out. In those 24 years, state aid as a share of the economy has increased or decreased by more than 5 percent in a single year 11 times. In seven of those years, it increased or decreased by at least 7 percent. That means almost every other year, state aid fluctuates up or down at least 5 percent. There are two main factors in the TEEOSA formula that tend to be adjusted to increase or decrease the total amount of state aid: the local effort rate, and the cost growth factor. The statutes determining those two components have been adjusted by legislation in 15 of the last 24 years, leaving only 9 years in which no changes have been made. The cost growth factor statutes have been changed in 11 of the 24 years, and the local effort rate statute has been changed in 8. On the chart that I handed out, the Xs represent each year in which either the local effort rate or the cost growth factor were adjusted in statute. An Educational Trust Fund could help lessen the need to make these adjustments, which have ramifications in our schools and the amount of property taxes paid by Nebraskans. Michael Griffiths, a consultant with the Education Commission of the States and a national expert on education funding systems, spoke to the Education Committee this summer and said certain things should be considered when it comes to creating Education Trust Funds. Griffiths says lawmakers must exercise discipline to

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ensure that the fund remains dedicated to its initial purpose of providing stability for state aid and that it is not raided to fund other initiatives. A dedicated trust fund for education could be an important tool in stabilizing Nebraska's education funding system, but lawmakers should work to ensure that such a fund works as intended. Thank you for your time, and I'd be happy to answer any questions. [LB1026]

SENATOR MELLO: Thank you for your testimony, Renee. Are there any questions from the committee? Senator Conrad. [LB1026]

SENATOR CONRAD: Renee, thank you so much. That's actually, the last point in your testimony, was one concern or question I had in relation to this bill, is that having lived through the awful economic downturn and the impacts on the state budget, this...many members of this committee made excruciatingly painful decisions in regards to our state obligations, both in regular session and in special sessions. Are there enough safeguards in this legislation to prevent future Legislatures from just grabbing this money when times get tough? [LB1026]

RENEE FRY: Yeah, I mean it's difficult. If you put it in the constitution then your hands are tied should you ever need it. But, no, it's a risk. I don't know how you really work around that other than try to have understanding. Obviously, you can't bind future Legislatures. So I'm not sure that there is a great work-around unless you do something like use funding from the marketplace, for, in effect, should that pass Congress, as a dedicated stream of revenue to fund something like a trust fund, which we think is a good idea and support that revenue stream for funding a trust fund, but which is why we're in a neutral capacity on this bill. We very much support the concept but it's the funding mechanism that we're more concerned about. [LB1026]

SENATOR CONRAD: Right. Do you know, from the expert that presented this summer or from your research, do other states have a different model that provides more safeguards once they institute a trust fund? [LB1026]

RENEE FRY: So we haven't done a lot of research, but to the extent that we can find, usually states that have a trust fund and use it in the way that I think is intended here do have some sort of dedicated stream. So whether it's tobacco settlement funding, I think that's South Dakota,... [LB1026]

SENATOR CONRAD: Okay. [LB1026]

RENEE FRY: ...there's another state I can't think of which uses mining severance taxes to fund their trust fund. And so I think if you have that dedicated stream, you're going to have a much better success rate at actually using the trust fund as intended. Barring that, I think the points that were made earlier, you know, are still really valid. What's to say that you won't use it, you know, to fill education and then use the state aid for other

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sources? I mean I think it's a risk, but I'm not really sure how you work around that.  
[LB1026]

SENATOR CONRAD: Okay. Thank you. [LB1026]

SENATOR MELLO: Any further questions from the committee? Seeing none, thank you, Renee. [LB1026]

RENEE FRY: Thank you. [LB1026]

SENATOR MELLO: Are there any other proponents in the neutral capacity...testifiers in the neutral capacity? Seeing none, Senator Bolz, would you like to close? [LB1026]

SENATOR BOLZ: Thank you. Senator Conrad, I just wanted to briefly address your question. There are several tools and levers that can be used in an Education Trust Fund such as this. Four other states use a stabilization model like this concept. Some of those states have a dedicated repayment period, so over a period of, say, eight years the fund would have to be filled up to a certain level. Some other states say that in over-the-top revenue years and years that are above a certain expected or forecasted revenue projection, a small percentage goes into the trust fund. We'd be happy to summarize some of the other models and explain some of those other bells and whistles, I suppose, in terms of how this could be constructed in a way that protects the funding for its intended purpose. [LB1026]

SENATOR MELLO: Thank you, Senator Bolz. Are there any questions from the committee? [LB1026]

SENATOR KINTNER: I have one more question. [LB1026]

SENATOR MELLO: Senator Kintner. [LB1026]

SENATOR KINTNER: It's really a question. Is there a state that you modeled this that does this right, that does it this way and makes it work? [LB1026]

SENATOR BOLZ: There are four other states that I think have established education trust funds that are focused on stabilization, not on innovation or on other purposes. There are more than four states that have a mixed trust fund, which goes to pre-K or to other states. Those are Alabama, Utah, Vermont, and Oregon. Alabama has a fairly solid model and it's one of those models that requires a specific repayment period, and I think that's an innovative idea that could be considered in this committee, because that way, when you take money out, you do so carefully because you know that you have to repay it. So I'd be happy to share some of those model initiatives with the committee.  
[LB1026]

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SENATOR KINTNER: Thank you. [LB1026]

SENATOR MELLO: Are there any further questions from the committee? Seeing none...oh, Senator Nelson. [LB1026]

SENATOR NELSON: Thank you, Senator Mello. I was just reading the fiscal note again and one complication is that transferring \$114 million to the net fund would leave us \$75 million below the minimum Reserve. So do you have an answer to that? [LB1026]

SENATOR BOLZ: You're a man after my own heart, Senator Nelson. [LB1026]

SENATOR NELSON: (Laugh) Okay. I asked the right questions? [LB1026]

SENATOR BOLZ: That's exactly the question I would ask if our seats were reversed. I think there's a little bit of a difference in the way that the fiscal note conceptualized the bill versus the way I was conceptualizing the bill, and that's my burden of having drafted the bill technically correctly. But my intention was to move some of the Cash Reserve into an Education Trust Fund, and I conceptualized that as seed funding and that the cap would be 10 percent. So we would have some options in terms of just how much money could be moved over. If the maximum of 10 percent would be moved over, that would be \$114 million, which would be significant and perhaps not quite the bite that we would want to chew in this committee this year. [LB1026]

SENATOR NELSON: Okay. [LB1026]

SENATOR BOLZ: Yeah. [LB1026]

SENATOR NELSON: Thank you. [LB1026]

SENATOR BOLZ: Thank you. [LB1026]

SENATOR MELLO: Thank you, Senator Bolz. That will conclude today's bill hearing on LB1026 and take us to our last bill of the day, LB969 by Senator Sullivan. [LB1026]

SENATOR SULLIVAN: I'm thinking this is my first time before the committee. [LB969]

SENATOR MELLO: I think it is. [LB969]

SENATOR SULLIVAN: Thank you, Senator Mello, and congratulations. [LB969]

SENATOR MELLO: Thank you. [LB969]

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SENATOR SULLIVAN: And thank you, committee, for hearing my bill. I'm Senator Kate Sullivan, K-a-t-e S-u-l-l-i-v-a-n, representing District 41. I'm here to introduce LB969, which would increase the cap on the appropriation for special education from a growth rate of 5 percent to 10 percent for this next fiscal year. Until this last session, it had been a long time since the special education appropriation has been allowed to grow by 5 percent despite special education costs continuing to grow at rates well above 5 percent. Beginning with 2006-07, the appropriation was limited by the Appropriations Committee to a growth rate of 3 percent per year for three years. Then for the next three years the appropriation was held flat with no growth. For 2011-12, the growth rate was .5 percent, then 4.3 percent for last year. To be fair, during the time when the districts were receiving ARRA funding, one element of the increased federal support was a temporary increase in federal special education funding. However, special education costs continued to rise during that period and the increase expired, leaving school districts with a larger share of the bill. Prior to LB742 in 1995, the special education appropriation was set to provide a reimbursement of 90 percent of the allowable special education costs incurred by districts. My understanding is that there was an attempt by the Education Committee at that time to slow the growth in special education, and there was a slight reduction in the growth for a couple of years. But after the efficiencies were realized, the growth picked up again. Using the latest available data, the expenditures for 2012-13 are being reimbursed this year at a rate of 54 percent. Special education expenses are not optional expenses that a district can control. In fact, federal law requires that all children with disabilities receive access to a free, appropriate education and does not allow appropriate services to be denied based solely on cost or on the financial status of the district. So in conclusion, I urge you to support the children in our state who have disabilities and the school districts that serve them. Thank you. [LB969]

SENATOR MELLO: Thank you, Senator Sullivan, and thank you for bringing this bill to our committee. Are there any questions from the committee? Seeing none, thank you. [LB969]

SENATOR SULLIVAN: Okay. Thank you. [LB969]

SENATOR MELLO: First, we'll hear from proponents for LB869 (sic). [LB969]

JON HABBEN: Good afternoon, Senator Mello, members of the committee. Again, I'm Jon, J-o-n, Habben, H-a-b-b-e-n, executive director of Nebraska Rural Community Schools Association. We continually, as an association and our members, weigh in on these special education or these attempts to improve the circumstance of special education for two purposes. One, these kids and their families live all across the state. I've debated with some occasionally who tried to give me the impression that they only lived in places where there were lots of services available, obviously not. That's something that my 7 years as a principal and 17 years as a superintendent have told me across four different school districts--be prepared because you never know. And it's

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a very difficult circumstance to deal with, and if you've been a parent in that circumstance you can understand it even on a more personal level. It is important that we understand that special education, as Senator Sullivan has pointed out, has far more rules and regulations than it does permissive places. The permissive places may be enhancements. And I've been the superintendent as my folks have come to me and said, Dr. Habben, can you? And I've had to say no to a number of the enhancements, because you get to a point where you can only afford to do what you have to do. That's a tough place to be, but there is some reality at times. But you have to deal with those kids and their circumstances where they are at. They don't just exist in equalized schools. They exist in all schools. And I want to emphasize that as you consider this bill and any other discussion of special education, you think in terms of 249 districts and all of those special needs kids that exist across all of them. Thank you. [LB969]

SENATOR MELLO: Thank you for your testimony, Jon. Are there any questions from the committee? Seeing none, thank you. [LB969]

JON HABBEN: You bet. Thank you. [LB969]

SENATOR MELLO: Are there any other proponents for LB869 (sic)? [LB969]

JAY SEARS: (Exhibit 12) Good afternoon, Senator Mello and members of the Appropriations Committee. For the record, I am Jay Sears, J-a-y S-e-a-r-s, and I'm here representing the 28,000 educators of the Nebraska State Education Association, which includes a number of special educators who are very interested in this bill. And NSEA thanks Senator Sullivan for proposing LB969 and increasing the cap from 5 to 10 percent. Just to share with you a little bit, I'm a former special ed teacher but more on the...I spent most of my time in the classroom teaching American History and American Government. But I also had special ed students and so I know the issues that teachers face and the districts face every year when they come up against the excess costs. One of the things I'd remind you is the federal government puts in some money and the state government puts in some money and the districts put in even more money to educate all students. But more importantly, the excess costs in special education are increasing astronomically and what we're seeing is there's a large gap between what we can fund federally and state and locally for the excess costs for our special needs students. So this bump in the appropriation would be well used. One of the things that, as Jon talked about, superintendents and districts have to think about is when we can't meet the needs of special ed students, that's not an option. The federal government requires that we meet all special ed needs. And when we can't meet those with the...and not cover the excess costs, then we have to get into the regular funds and programs in the school district. And so what do we do? We lose other programs for all students, not just special ed. So this would be well welcomed and we hope that you can see fit to make the bump from 5 to 10 percent and we'll spend it, I'm sure. Thank you for the opportunity. [LB969]

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SENATOR MELLO: Thank you for your testimony, Jay. Are there any questions from the committee? Seeing none, thank you. [LB969]

JAY SEARS: Thank you. [LB969]

SENATOR MELLO: Are there any other proponents for LB869? Seeing none, are there any opponents to LB86...or LB969, I'm sorry, LB969? Seeing none, is there any testifiers in the neutral capacity? Seeing none, Senator Sullivan. [LB969]

SENATOR SULLIVAN: Thank you for your time and effort on this bill and I hope that you share my concern for what are really, quite frankly, growing needs for special education in our school districts. And this is something, this support is something that could be used quite readily by all the school districts. LB969 simply increases the cap. For now, I will leave the appropriated amount in your hands, but hope you'll strongly consider increasing that. Thank you very much. [LB969]

SENATOR MELLO: Thank you, Senator Sullivan. Is there any questions from the committee? I've got one, just as a point of clarification. The way the bill is drafted, the fiscal note comes back and allows for the increase in the cap for only one year. [LB969]

SENATOR SULLIVAN: Yes. [LB969]

SENATOR MELLO: Would it be your intent to allow us to increase that cap in perpetuity to up to 10 percent every year into the future, not just simply the next fiscal year? [LB969]

SENATOR SULLIVAN: Absolutely. [LB969]

SENATOR MELLO: Okay. Thank you. [LB969]

SENATOR SULLIVAN: I didn't want to appear greedy. (Laughter) [LB969]

SENATOR MELLO: Thank you for that clarification, Senator Sullivan. Seeing no further questions, thank you, Senator Sullivan. [LB969]

SENATOR SULLIVAN: Thank you. [LB969]

SENATOR MELLO: That will end today's hearing on LB969 and will end the Appropriations Committee hearings for the day. Thank you. [LB969]